

Message Text

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ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 CU-04 CIAE-00 COME-00 EB-07
INR-07 LAB-04 NSAE-00 SIL-01 TRSE-00 FRB-01 OMB-01
DODE-00 PA-02 USIA-15 PRS-01 SP-02 HEW-06 SS-15
NSC-05 H-02 EPG-02 /102 W
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R 051233Z JUL 77

FM AMEMBASSY LONDON
TO SECSTATE WASHDC 5781
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LUXEMBOURG
AMEMBASSY ROME
USMISSION NATO
AMEMBASSY PARIS
USMISSION GENEVA
USNMR SHAPE
AMCONSUL BELFAST
AMCONSUL EDINBURGH

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USEEC ALSO FOR EMBASSY
USOECD ALSO FOR EMBASSY

PASS LABOR, TREASURY, FRB

E.O. 11652: N/A
TAGS: ELAB, UK, PINT
SUBJECT: THE YOUTH OPPORTUNITIES PROGRAM: "A NEW DEAL
FOR BRITAIN'S YOUTH"?

SUMMARY. SECRETARY OF STATE FOR EMPLOYMENT ALBERT BOOTH
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ANNOUNCED TO THE COMMONS ON JUNE 29 A PACKAGE OF
MEASURES AIMED AT PROVIDING SOME FORM OF EMPLOYMENT EX-
PERIENCE FOR THE YOUNG UNEMPLOYED. THE SCHEME, WHICH HE
TERMED "A NEW DEAL FOR BRITAIN'S YOUTH", IS IN ESSENCE A
RATIONALIZATION AND EXTENSION OF CURRENT POLICIES, AND IS
EXPECTED TO COST A TOTAL OF 800 MILLION POUNDS OVER ITS
FIVE-YEAR LIFE. ITS STATED AIM OF PROVIDING AN OPPOR-

TUNITY FOR "ALL" YOUNG PEOPLE IS A NEW GOAL. THE GOVERNMENT HOPES THAT A TOTAL OF 1,150,000 YOUTHS WILL BENEFIT FROM THE PACKAGE. THE REVISED POLICY REPRESENTS SOMETHING OF AN ACCOMMODATION TO THOSE TRADE UNIONS WHO HAVE BEEN CALLING FOR INCREASED ACTION ON UNEMPLOYMENT AS ONE OF THE PREREQUISITES TO ANY FORM OF CONTINUED WAGE RESTRAINT. END SUMMARY.

1. SINCE OCTOBER 1975 A NUMBER OF GOVERNMENT-FUNDED SCHEMES HAVE BEEN AIMED AT THE GROWING NUMBERS OF YOUNG PEOPLE WHO HAVE BEEN UNABLE TO FIND WORK. THESE SCHEMES HAVE BEEN DIRECTED AT PROVIDING THE YOUNG WITH TRAINING, WORK EXPERIENCE, OR 'CREATED' EMPLOYMENT ON PROJECTS OF COMMUNITY VALUE. DESPITE THE GROWING NUMBER OF UNEMPLOYED PEOPLE BELOW THE AGE OF 19, THERE IS LITTLE DOUBT THAT THE POLICIES HAVE AMELIORATED THE IMPACT ON THE UNEMPLOYMENT RATE OF THE NUMBER OF YOUNG PEOPLE COMING ONTO THE LABOR MARKET FOR THE FIRST TIME.

2. ON JUNE 29 EMPLOYMENT SECRETARY ALBERT BOOTH ANNOUNCED A PACKAGE OF MEASURES DRAWN LARGELY FROM A MAY 1977 WORKING PARTY REPORT PRESENTED TO THE MANPOWER SERVICES COMMISSION. THE PROPOSALS, TERMED BY BOOTH "A NEW DEAL FOR BRITAIN'S YOUTH", HAVE BEEN CHRISTENED THE YOUTH OPPORTUNITIES PROGRAM (YOP). A CENTRAL AIM OF THE YOP IS THAT NO SCHOOL LEAVER SHOULD BE WITHOUT A PLACE ON UNCLASSIFIED

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ONE OF THE SCHEMES BY EASTER OF THE YEAR FOLLOWING HIS (HER) LEAVING SCHOOL.

3. THE PROGRAM WILL PROVIDE 18 POUNDS PER WEEK FOR YOUNG PEOPLE ENGAGED IN TRAINING (ON EMPLOYERS' PREMISES, IN GOVERNMENT SKILL CENTERS, OR VOCATIONAL SCHOOLS), OR IN WORK EXPERIENCE PROJECTS. THE LATTER MAY BE RELATED TO COMMUNITY SERVICE, SPONSORED BY CENTRAL GOVERNMENT BODIES, LOCAL AUTHORITIES OR PRIVATE INTEREST GROUPS LIKE WELFARE ORGANIZATIONS. WORK EXPERIENCE PROJECTS MAY ALSO BE CONDUCTED IN THE FACTORIES OF PRIVATE SECTOR EMPLOYERS. TO AID THE TRANSITION FROM THE OLD PIECE-MEAL PACKAGE TO THE NEW, UNIFIED STRUCTURE, THE EXISTING JOB CREATION PROGRAM, DUE TO EXPIRE AT THE END OF AUGUST, WILL BE EXTENDED INTO THE NEW YEAR. THE YOUTH EMPLOYMENT SUBSIDY HAS ALSO BEEN EXTENDED FOR A FURTHER SEVEN MONTHS TO THE END OF MARCH 1978.

4. THE PACKAGE OF PROPOSALS ANNOUNCED LAST WEEK RELATES TO THE 5-YEAR PERIOD BEGINNING IN SEPTEMBER 1978. ESTIMATES SUGGEST THAT THE YOP SHOULD PROVIDE ASSISTANCE FOR 230,000 YOUNG PEOPLE EACH YEAR. THE GROSS ANNUAL

COST IS EXPECTED TO BE 160 MILLION POUNDS THOUGH SAVINGS FROM UNEMPLOYMENT AND SOCIAL SECURITY BENEFITS SHOULD BE OFFSET AGAINST THIS FIGURE IN ESTIMATING THE NET COST OF THE YOP. THE NET COST FOR THE FIRST FULL YEAR IS PUT AT 96 MILLION POUNDS.

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5. COMMENT: WHILE THERE IS LITTLE DOUBT THAT THE YOP PROVIDES A NEW IMPETUS TO UK POLICY ON YOUTH UNEMPLOYMENT, THE DEGREE TO WHICH IT IS AN INNOVATIVE MOVE SHOULD NOT BE EXAGGERATED. THE POLICY PROPOSALS ARE AT BASE, LARGEMLY A RATIONALIZATION AND EXTENSION OF PREVIOUS POLICY MEASURES.

6. BOOTH'S ANNOUNCEMENT PROVIDES SOME EVIDENCE THAT THE GOVERNMENT HAS NOT BEEN COMPLETELY INSENSITIVE TO THE UNCLASSIFIED

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CRITICISM FROM THE TRADE UNIONS ABOUT UNEMPLOYMENT, PARTICULARLY AMONG THE YOUNG. EVEN THOSE UNIONS BEHIND AN EXTENSION OF WAGE RESTRAINT HAVE MADE PUBLIC CALLS FOR INCREASED GOVERNMENT ACTION ON UNEMPLOYMENT. WHILE THE CURRENT POLICY WILL NOT SATISFY THE BROADER DEMANDS FOR REFLATION MADE BY SOME UNIONS, IT DOES REPRESENT AN ATTEMPT TO ADDRESS THE PROBLEMS OF UNEMPLOYMENT AMONG A PARTICULARLY HARD-HIT GROUP. THE YOP WILL ALSO PROVIDE SOME SATISFACTION FOR THOSE WHO HAVE POINTED TO THE SOCIAL AND ECONOMIC IMPLICATIONS OF A CHRONIC, HIGH RATE OF UNEMPLOYMENT AMONG YOUNG PEOPLE. IT INDICATES THAT THE GOVERNMENT'S PRIORITY IS TO PROVIDE EMPLOYMENT EXPERIENCE FOR YOUNG PEOPLE WHO ARE UNABLE TO FIND JOBS, SO THAT THEY ARE ABLE TO MAKE A FULLER CONTRIBUTION WHEN UNEMPLOYMENT AGAIN FALLS.

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Disposition Approved on Date:
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Disposition Comment:
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Disposition Event:
Disposition History: n/a
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